



BUDGET
March 2010

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Real World Impact of the Democrats' Fiscal Policy **More Spending, More Taxing, More Borrowing**

The Issue:

Over the past 3 years, America has witnessed a **multi-trillion dollar spending binge** by the Democrat-controlled Congress with their fiscal policy of **more spending, more taxing, and more borrowing**. Their fiscal agenda represents not only record levels of wasteful spending, but most importantly the **largest tax increase in American history**. By forcing American families to pay for this reckless spending, Democrats have lost touch with the needs of ordinary, hard-working Americans who are still struggling in these trying economic times. The facts show that the Democrats' fiscal agenda is nothing but generational theft; frontloading our children and grandchildren with impossible levels of debt.

The Facts:

Here are the real world impacts of the Democrats' fiscal agenda:

Jobs Update:

- *Texas in January*: unemployment at 8.2%¹
- *North Texas over last 12 months*: unemployment spiked from 7.2% to 8.7%
- *Nation in February*: unemployment at 9.7%; 2009 levels represent a 26 year record high
- *Nation from August-October*: unemployment increased an average of 135,000 per month²
- *Nation since January 2007*: unemployed persons doubled from 7 million to 14.9 million

- **Federal Deficit**: amount spent by Congress exceeding annual revenue³
 - Deficit in February: \$651,602,000,000; ~\$651.6 billion
 - Predicted Deficit Accumulation:
 - FY 2007 (first year of a Democrat Congress): \$161 billion
 - FY 2008: \$459 billion, a record U.S. deficit through 2008
 - FY 2009: \$1.4 trillion, over three times larger than last year's record deficit
 - FY 2010 (predicted): \$1.6 trillion
 - FY 2011 (predicted): \$900 billion⁴
 - Total accumulated deficit by 2019: \$9.3 trillion
- **Public Debt**: amount owed by the US government
 - Debt in February: \$ 12,440,068,000,000⁵; ~ \$12.4 trillion
 - Equivalent to over \$38,000 per American (including every man, woman, and child)
 - Highest debt level since 1950s and World War II
 - Largest foreign debts to China (\$889 billion) and Japan (\$765 billion)⁶

¹ Texas Workforce Commission

² Department of Labor (Bureau of Labor Statistics)

³ Department of Treasury (Financial Management Service)

⁴ Committee on the Budget. Summary of Federal Reserve Chairman Bernanke's Testimony to the Budget Committee. 03 June 2009.

⁵ Department of Treasury (Bureau of the Public Debt)

⁶ Department of Treasury. Major Foreign Holders of Treasury Securities.

- Debt Day on April 26th, 2009: day on which total federal government revenues have been spent and any further spending will be borrowed.
- Debt-to-GDP Ratio: debt as a percentage of the total annual market value
 - Pre-Financial Crisis: 40 percent
 - 2011 (predicted): 70 percent
 - 2019 (predicted): 82.4 percent; \$17.3 trillion⁷
 - 2022 (predicted): 100 percent⁸
- **Unemployment Levels:** despite the Obama Administration and Congressional Democrats promising that their trillion dollar ‘stimulus’ would create jobs immediately and unemployment would not rise above 8 percent⁹, unemployed persons have risen by over 7 million (growth rate of 4.7 percent) since December 2007, and unemployment stands at 9.7 percent. 2009 unemployment levels even represent a **26 year high**².
- **Entitlement Spending:** mandatory government spending programs on ‘auto-pilot’
 - Social Security (without fix) will be insolvent in 2041
 - Medicare (without fix) will be insolvent in 2019
 - Medicare/Medicaid will make up 80 percent of spending growth over 25 years
 - Medicare/Medicaid will make up 90 percent of spending growth by 2080
 - Despite the Congressional Budget Office’s (CBO) statement that “[s]lowing the growth rate of outlays for Medicare and Medicaid is the central long-term challenge for Federal fiscal policy¹⁰,” President Obama and Speaker Pelosi are rushing through a \$1-trillion plus new health entitlement.

The Sessions Solution

Unlike the Democrat’s fiscal agenda of *more spending, more taxing, and more borrowing*, I believe that a truly pro-growth fiscal agenda to address the serious issues facing American families and our economy should **curb spending, cut taxes to create jobs, and control our debt**. These pro-growth solutions will **provide immediate financial relief for American families, allow businesses to reinvest in their companies, help bolster the housing market, and eliminate unfair tax burdens.**

- **Immediate Tax Relief for Working Families**

- Reduce the lowest individual tax rates from 15% to 10% and from 10% to 5%. As a result, every taxpaying-family in America would an average benefit of \$500 in tax relief for the 10% bracket and \$1,200 for the 15% bracket.

- **Help for America’s Small Businesses**

- Allow small businesses to take a tax deduction equal to 20% of their income.
- I have introduced my own legislation – *H.R. 446, the EXPENSE (Expensing Property Expands our Nation’s Strong Economy) Act of 2009*. This bill allows companies to choose the asset depreciation schedule that best suits their individual business and creates incentives for American enterprises to reinvest in their businesses, new equipment, and people to run that equipment.

- **No Tax Increases to Pay for Spending**

- Offsetting the Democrat Majority’s trillion spending binge should be paid for by reducing wasteful government spending, not spending the taxpayer’s hard earned money.

Republican Pro-Growth Fiscal Policy: Proven Record of Growth		
Year/ Party	GDP ¹¹ (billions)	DOW ¹² (close of year)
1993/D	6657.4	3754
1994/R	7072.2	3834
1995/R	7397.7	5117
1996/R	7816.9	6448
1997/R	8304.3	7908
1998/R	8747	9181
1999/R	9268.4	11497
2000/R	9817	10788
2001/R	10,128	10021
2002/R	10,469.60	8,341
2003/R	10,960.8	10,453
2004/R	11,685.9	10,783
2005/R	12,421.9	10,717
2006/R	13,178.4	12,463
2007/D	13,807.5	13,264
2008/D	14,264.6	8,776
2009/D	14,258.2	10,428

⁷ House Budget Committee. *Two Budget: A Comparison* 1 April 2009.

⁸ House Budget Committee. *Ryan Statement on CBO Re-Estimate of the Long-Term Budget Outlook*. 25 June 2009.

⁹ Liasson, Mara. *Obama Defends Stimulus Amid Calls for Round Two*. 8 July 2009.

¹⁰ Congressional Budget Office (CBO). *The Long-Term Budget Outlook*. June 2009.

¹¹ Bureau of Economic Analysis. *National Economic Accounts*.

¹² NYSE.tv. DOW Jones Industrial Average History.